



DIVIDEND DISTRIBUTION POLICY

Shaily Engineering Plastics Limited
SURVEY # 364/366, RANIA,
TA- SAVLI DIS- VADODARA-391780
CIN- L51900GJ1980PLC065554

I. PREAMBLE

Pursuant to the provisions of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, [**“Listing Regulations”**], the Board of Directors of the Company have approved and adopted the Dividend Distribution Policy [**“Policy”**] of the Company which shall be effective from 01st April, 2022.

The recent amendment in Regulation 43A of the Listing Regulations makes it mandatory for the top 1000 listed entities based on their market capitalization calculated as on March 31 of every financial year to formulate Dividend Distribution Policy. (*Earlier it was mandatory for Top 500 listed entities based on their market capitalization*).

The Company being one of the top 1000 listed companies as per the market capitalization as on the last day of the immediately preceding financial year, i.e., 31st March 2021, frames this Policy to comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

II. OBJECTIVE

The Dividend Distribution Policy (“the Policy”) aims to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as to enable the Company to strike balance between payout and retained earnings, in order to address future needs of the Company

This Policy lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/ declaration of Dividend to its shareholders.

III. DEFINITIONS

- a. “Act” means the Companies Act, 2013 and rules made there under [including any amendments or re-enactments thereof]
- b. “Applicable laws” shall mean to include Companies Act 2013 and rules made there under, [including any amendments or re-enactments thereof], Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, [including any amendments or re-enactments thereof], and any other regulation, rules, acts, guidelines as may be applicable to the distribution of dividend.
- c. “Board” or “Board of Directors” shall mean Board of Directors of the Company, as constituted from time to time.
- d. “Company” shall mean Shaily Engineering Plastics Limited.
- e. “Dividend” includes any interim dividend; which is in conformity with Section 2(35) of the Companies Act, 2013 read with Companies (Declaration and Payment of Dividend) Rules, 2014.
- f. “Policy” shall mean Dividend Distribution Policy
- g. “Financial year” shall mean the period starting from 1st day of April and ending on the 31st day of March every year,
- h. “Free reserves” shall mean the free reserves as defined under Section 2 (43) of the Act.

IV. PARAMETERS GOVERNING THE DISTRIBUTION OF DIVIDEND

Factors for recommendation/ declaration of Dividend

a. Internal factors (Financial Parameters)

The Board shall consider the below mentioned financial parameters for the purpose of recommendation/declaration of dividend:

- i. Profitable growth of the Company and specifically, profits earned during the financial year as compared previous year's profit and internal budget.
- ii. Cash flow position of the Company.
- iii. Current year's net operating profit
- iv. Capital expenditure and working capital requirements
- v. Financial commitments w.r.t. the outstanding borrowings and interest thereon.
- vi. Financial requirement for business expansion and/or diversification, acquisition. etc. of new businesses.
- vii. Long term investments
- viii. Provisioning for financial implications arising out of unforeseen events and/or contingencies.
- ix. Past dividend trend

b. External Factors

The Board shall also consider the below mentioned external factors at the time of taking a decision w.r.t recommendation/declaration of dividend:

- i. Applicable laws and Regulations including taxation laws.
- ii. Economic conditions
- iii. Prevalent market practices
- iv. Financial situation

Circumstances under which the shareholders of the Company may or may not expect dividend.

The decision to recommend/declare the dividend by the Board of Directors shall primarily depend on the factors listed out at point no. 1 above.

However, the shareholders of the Company may not expect dividend in the certain circumstances which include but are not limited to :

- i. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital to any project.
- ii. In the event of higher working capital requirement for business operations or otherwise.
- iii. In the event of inadequacy of cashflow available for distribution.
- iv. In the event of inadequacy or absence of profits.
- v. In the event of Company looking inorganic growth options.

Other factors

a. Manner of utilization of Retained Earnings.

The Board of Directors of the Company may recommend/declare dividend out of the profits of the Company or out of the profits for any previous year or years or out of Free Reserves available for distribution of dividend, after consideration of the factors as stated at point no. 1 above. The Company shall ensure compliance with the requirements in this respect as laid down under the provisions of Section 123 of the Act and other Applicable laws.

b. Dividend pay-out ratio.

Dividend for every financial year shall be decided by Board considering various statutory requirements, financial performance of the company and other internal and external factors enumerated earlier in the policy. **However, efforts will be made to maintain a dividend pay-out ratio (including present Dividend Distribution tax) in the range of 20-50% of net profit (PAT).**

2. Other factors to be considered with regard to various classes of shares.

Presently, the issued share capital of the Company comprises of only one class of equity shares of Rs. 10/- each which rank pari passu with respect to all their rights. In the event of the Company issuing any other class(es) of shares, it shall consider and specify the other parameters to be adopted w.r.t. such class(es) of shares.

V. GENERAL

- i. Pursuant to the provisions of Section 123 of the Act, Articles of Association of the Company and this Policy, the Board of Directors shall recommend the final dividend, which shall be declared by the Shareholders of the Company at the Annual General Meeting.
- ii. The Board may, from time to time, declare interim dividend which shall be subject to confirmation by the Shareholders at the Annual General Meeting.
- iii. It is provided that the Interim Dividend(s) and Final Dividend shall be within the Dividend Pay-out ratio as stated in Para IV(4) above.
- iv. The Board may, declare/ recommend Special Dividend to commemorate any special occasion, which may be over and above dividend payout ratio as stated in Para IV(4) above. The Special Dividend shall be subject to confirmation by the Shareholders at the Annual General Meeting.
- v. The Company shall ensure compliance with the Applicable laws w.r.t. payment of dividend to the shareholders. It shall ensure that the amount of the dividend is deposited by the Company in a Scheduled bank in a separate account within five days from the date of declaration of such dividend.
- vi. Due regard shall be given to the restrictions/covenants contained in any agreement entered into with the lenders of the Company or any other financial covenant as may be specified under any other arrangement/ agreement, if any, before recommending or distributing dividend to the shareholders.

VI. DISCLOSURES

The Company shall make appropriate disclosures in compliance with the provisions of the Listing Regulations, in particular the disclosures required to be made in the Annual Report and on the website <https://www.shaily.com/> of the Company.

In case, the Company proposes to declare dividend on the basis of the parameters in addition to those as specified in this Policy and/or proposes to change any of the parameters, the Company shall disclose such changes along with the rationale in the annual report and on its website.

VII. REVIEW

The Board of Directors shall have the right to modify, amend or change any or all clauses of this Policy in accordance with the provisions of the Applicable laws/ Acts /Regulations or otherwise.

In case of any amendment(s), clarification(s), circular(s) etc. issued under any Applicable laws/ Regulations, which is not consistent with any of the provisions of this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall be deemed to be amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.
